

MARCH 12, 2011

BUDGET MEETING OF MAYOR AND COUNCIL, MARCH 12, 2011 AT 9:04 A.M. IN COUNCIL CHAMBERS OF BOROUGH HALL.

Mayor Dempsey's statement re: Open Public Meetings Act of 1975 and that notice was given to the Coast Star and posted on the Borough website on March 5, 2011.

ROLL CALL: Present: Council Members Connolly, Donovan, Grasso, Lee, Lucas, and McCarthy

Absent: None

Also present was Municipal Administrator Joseph Delorio and Borough Auditor Allen Shechter.

Mr. Delorio stated that he had submitted an addendum to the last Budget Summary. He stated the request from the Governing Body was to reduce the overall tax rate to a hard 2% as recorded at the last meeting. He advised that the Borough was already under the 2% property tax levy CAP as mandated by the State and that after this report the appropriations is less than a half percent more when you take out the reserve for uncollected taxes. He advised that the revenue side is troublesome because of the reduction in surplus regenerated, Municipal Court fines and fees were down last year and in order to get to the hard 2% he asked the Department's to review their budgets again and provide some suggested cuts, as well as his re-review of the budget.

Mr. Delorio suggested that the Municipal Clerk's other Expense line item be reduced by \$5,000 and by reducing this line the postage reserve will be used up.

Council Member McCarthy stated that the Borough needs to be responsible in how the amounts are reduced. He advised that next year can not be jeopardized for this year.

Council Member Lucas wanted to confirm that there will not be any surplus money in that account.

Mr. Delorio stated that he looked at the allotment that is currently in that postage machine and that the money that is in the machine for this year is being used. He stated that at the end of the year the Borough should be able to replenish for the following year.

Council Member Lucas stated that he agrees with Council Member McCarthy in that a partial should be taken not the entire \$5,000.

Mayor Dempsey suggested cutting \$3,000 out of the Municipal Clerk's other expense line item and leave \$2,000 there.

Mr. Delorio suggested going through the entire Addendum and then if there are reductions Mr. Schechter can do the re-calculation and see where the budget is. He stated that with the reductions in front of them on the Addendum dated March 12, 2011 it comes to 2.0%.

Mr. Delorio stated that Legal-Other Expenses is being reduced by \$7,000. He stated that this number is all dependent on how much the Borough Attorney and Labor Attorney are being used. He stated that the Municipal Court – Salary and Wages/Other Expenses is being reduced by \$2,000 and that Engineering-Other Expenses will be reduced by \$3,000.

Mr. Delorio stated that the Code Enforcement/UCC – Other Expenses is being reduced by \$1,850. He advised that his concern here is that the tracking initiative should be an important element to the Code Department and the educational component is important to his department, there is education in the Clerk's

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department and finance department as a means to get people certified. He stated that if you are going to take this element from the Code Department it should be taken from the other departments also.

Mayor Dempsey asked that if the tracking part is taken out and leave the education in, what that amount would be.

Mr. Delorio stated that the tracking initiative would be about \$500.

Mayor Dempsey stated that this could be lowered by \$500.

There was a discussion on the tracking initiative and the importance of it.

Mr. Delorio suggested that the Council continue and then he will pinpoint the discussion points that require additional debate.

Mr. Delorio went over Police Salary and Wages. He stated that he was informed by the Chief that there is a \$19,000 allocation to the Special Police Salary and Wages. He stated that this is in anticipation from a ruling with regard to the academy fees. He stated that if this money is not in the budget and the ruling doesn't favor Manasquan then there will have to be an Emergency Appropriations.

There was a discussion on the ruling that could come down mandating the Borough pay for Academy Training.

Mr. Delorio stated that Streets and Roads – Other Expenses will be reduced by \$1,500. He stated that this reduction is due to the reduction of line paint.

Shade Tree – Other Expenses – Mr. Delorio stated that this line has been reduced by \$11,300. He stated that the Shade Tree added this additional appropriation to maintain the various parks with a tree maintenance and elevation program.

Mayor Dempsey stated that there are some big trees and he believes it should stay in the budget for safety reasons.

Council Member Connolly wanted to know if the DPW could do any of this work.

Mayor Dempsey stated that the DPW does not have the equipment to take care of these big trees.

Council Member Donovan stated that if there is a severe weather event and some of the trees get damaged the Borough pays a lot more for emergency measures to clean up these trees. He stated that the elevation program has saved the Borough a lot of money over the years.

Mr. Delorio stated that there is an allotment for the regular maintenance of trees through the Borough. He stated that this current amount is something that the Shade Tree Commission needed to address.

Council Member Connolly recommended that the Shade Tree pick out the most dangerous trees and use the regular budget. She stated that while trees are important the money coming out of our taxpayers wallets is also important.

Vehicle Maintenance and Repairs – Other Expenses. Mr. Delorio stated that this item has been reduced by \$3,000.

Mayor Dempsey wanted to know if last year's budget was exceeded for vehicle repair.

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Mr. Delorio stated that the amount that was appropriated last year was not enough. He advised that funds had to be moved to cover the additional repairs.

Mayor Dempsey asked if the amount that is in there is equal to what was spent in 2010 and the amount will be cut back below what was spent in 2010.

Mr. Delorio stated that no this would bring it to what was spent.

There was a discussion on the vehicle maintenance and repairs and how much was actually spent last year and what has already been spent for 2011.

Animal Control Other Expenses. Mr. Delorio stated that line has been reduced by \$1,200.

Recreation Salary and Wages and Other Expenses. Mr. Delorio stated that this line has been reduced by \$1,735.

Parks and Playgrounds – Other Expenses. Mr. Delorio stated that this line has been reduced by \$2,500. He advised that this would be eliminating the mutt mitts.

Waterways – Other Expenses. Mr. Delorio stated that this line has been reduced by \$1,000. He advised that this would eliminate the purchase of new garbage cans.

Purchase of Police SUV – Mr. Delorio stated that originally the amount of \$25,000 was included in our operating budget. He advised that since the vehicle is an SUV it can be considered as a Capital Budgeted item. He advised that by placing it into the Capital Budget doesn't automatically approve it, an Ordinance would still need to be approved.

Council Member Connolly stated that the \$25,000 SUV is going to end up costing the Borough.

Mayor Dempsey stated that the payments would be spread out over 10 years.

Mr. Delorio stated that it would be as many years as it would cost to pay it back.

There was a discussion on the payments and interest rates for the SUV to be purchased through an ordinance.

Mr. Delorio stated that Council can debate the merits of the purchase when the ordinance comes up for introduction, but today is not the time.

Mr. Delorio advised that the total additional reduction in appropriations amounts to \$85,085. He stated that would bring the budget to 2.0% and his concerns are with additional reductions in the accumulated leave account. This account is used for retirements. He stated that the Borough has been very fortunate in that there has been enough money in that trust fund to pay for the retirements. He stated that he is expecting several retirements and his estimates will show that all those dollars will be used and as the Council tightens the years' appropriations he might not be able to transfer additional funds into that trust. He advised that if there are any unexpected retirements a line item might have to be appropriated in next years budget to pay for that retirement.

There was a discussion as to when the retirement payout needs to be paid to the retiree.

Unemployment Trust Account - Mr. Delorio advised that the unemployment trust account has been depleted. He advised that last year \$10,000 was moved before year end to that account to help pay for this year's billing since the Borough had not budgeted for that trust account in prior years.

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There was a discussion on how much is paid to the account and who makes that determination.

Cancellation of Appropriations - Mr. Delorio stated the Borough has been diligent about cancelling appropriations before year end that end up going into our surplus. He stated that as the appropriations get tightened the Borough might not have the ability to transfer to surplus this year.

Negotiations not settled – Mr. Delorio advised that the PBA contract has not been settled yet and he can not discuss details because it is still in negotiations. He stated that the percentages are based on what he believes it will be settled for and are being used for this calculation. He also advised that the Dispatchers and Crossing Guard contracts have not been settled.

Utility Costs – Mr. Delorio stated that additional costs for the Life Saving Station have been added. He advised that gas prices have gone up so that will increase the cost of the utility bill.

Emergency Appropriations – Mr. Delorio reminded the council that if something happens that was unforeseen or unplanned the money for the emergency appropriations would be appropriated in next year's budget, which will also be part of the levy cap calculation.

Surplus – Mr. Delorio stated that the Borough is not regenerating the surplus that is being used in the budget. He went over the surplus decrease for 2010 and 2011.

Mayor Dempsey stated that what you are telling me is that the surplus has decreased over \$400,000 in the last 3 years.

Mr. Delorio stated that with the projections he would guess that if the same surplus is anticipated as has been in the past the Borough will be at a point that they won't be able to anticipate because the balance will not be available. He advised that this would be a CAP Levy issue because the revenues will not be there to support any tax increases.

There was a discussion on the surplus and how much should be used and what affect it will have on the taxpayers if it is depleted.

There was a discussion on the revenues that can be used for this year.

Mr. Delorio stated that if the Council is considering raising revenues through additional fees, he suggested to do this so that the revenues can be anticipated next year.

Council Member Grasso suggested that Council Member Connolly, himself, and Council Member McCarthy sit down with the Administrator and go over where fees can be increased.

Council Member Connolly stated that most of the money that is being reduced is from the expenses and not salaries. She advised that 45% of the budget is allocated to employee's salaries and asked if there was anything taken into consideration not replacing people who are leaving and perhaps lowering that 45%.

Mayor Dempsey stated that was done with the Police Department they went from 18 employees to 17.

Mr. Delorio stated that there is a retirement that the Borough has accepted in the Code Department, however, as he stated previously that he would feel more comfortable when that person actually leaves. He advised that they could, legally,

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not accept that first pension check and return to the workforce. He stated that if that salary is reduced by that amount then the Borough will not be able to pay it out. If the Governing Body's decision is to consolidate, again, that could be a discussion point later on, that would help by either replenishing the Accumulated Leave Account or Unemployment Trust Account or return that money back to the surplus. He stated that those types of decisions need to be made before year end and shouldn't be made now as a result of making changes. He stated that his concern is that whoever openly told the Borough that they are retiring, can change their mind and then where do the funds come from.

Council Member McCarthy stated that in a bad economy people might defer their retirement for a year and until they collect that check he doesn't want the Borough to be boxed in making a cut that doesn't get realized.

Council Member Connolly stated that the employee expense is high with salaries alone being 45% and then on top of that the pension costs. She advised that the police increased 21% and all the other employees increased 12%. She stated that the Council should really be looking at the employee's side as well for decreases.

Council Member McCarthy stated that the Auditor mentioned that the State of New Jersey gives the amount of the pension not the Borough. He asked if the borough can reduce this number or do they have to pay what the State tells them to.

Mr. Delorio stated that the State bills the Borough for pensions and that amount is paid.

Council Member Connolly stated that if someone is retiring then the Borough does not have to pay that pension.

Council Member McCarthy agreed with Council Member Connolly and reiterated that the Borough is not certain as to the employee retiring and that they can change their mind before they get their first check.

Mr. Delorio recommended the Council let him know if they are going to change their minds because it impacts the budget.

There was a discussion with regard to if an employee can be told that they have to leave when they advised the Council of the date.

Council Member Grasso wanted to know if there is a percentage of the employees that are healthy, is there any kind of savings to the Borough.

Mr. Delorio stated that because the Borough is part of a Joint Health Insurance Fund (HIF), they take the experience rating of the town coupled with the other towns that are in the HIF. He stated that the Borough is in a good HIF for Central Jersey.

There was a discussion on the health insurance as to what could be done to reduce the costs and what the State might be coming down with.

Mr. Delorio suggested to go through the list of the budget summary addendum and if there are any points that the Council wants further discussion on let him know and he will create 2 lists, one that the council is ok with and one that needs further discussion.

Mr. Delorio went over the list of additional reductions and the Council determined that the following reductions are acceptable: Legal-Other Expenses (\$7,000), Municipal Court – Salary & Wages/Other Expenses (\$2,000), Engineering-Other Expenses (\$3,000), Streets and Roads-Other Expenses (\$1,500), Animal Control-Other Expenses (\$1,200), Recreation-Salary & Wages/Other Expenses (\$1,735), and Waterways-Other Expenses (\$1,000).

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Mr. Delorio went over the balance of the list with the Council to make a final determination on the amount the line should be reduced by.

Municipal Clerk – Other Expenses (\$5,000). After a discussion this item was changed to \$3,000.

Code Enforcement/UCC-Other Expenses (\$1,850). After a discussion this amount was put back into the budget.

Special Police Salary & Wages (\$19,000). After a discussion this item was not decided on. Mr. Delorio stated that the Auditor will do the calculation with it in and without it in. He stated that at that point it might help the Council make their decision.

Shade Tree – Other Expenses \$11,300. After a discussion this item was changed to \$5,300.

Vehicle Maintenance and Repairs–Other Expenses (\$3,000). After a discussion this item was kept at \$3,000. Mr. Delorio suggested keeping this item at this amount to the end and see where the budget falls.

Parks and Playgrounds – Other Expenses (\$2,500). After a discussion this item was kept at \$2,500.

Mr. Delorio stated that the purchase of the Police SUV Vehicle (\$25,000) will be moved into the Capital Budget

Mr. Shechter advised the Council that with the numbers that they just gave him, the tax increase would be 2.35%. He stated that it would \$44 a year.

Council Member Connolly stated that she would like to get it under the 2%.

There was a discussion on what the State and School taxes will be.

Council Member Donovan stated he believes that the Borough is being fiscally responsible.

Council Member McCarthy wanted to know if the 2.35% included the \$19,000 for Special Police Salary and Wages or not.

Mr. Shechter stated that it was with the \$19,000 cut.

Council Member Connolly wanted to know what dollar amount would get the budget at 2%.

Mr. Shechter stated that it was at 2% and some items were put back into the budget.

Mayor Dempsey wanted the record to state that he is not in favor of any further cuts due to the safety and welfare of the community, how it could affect the surplus and how it could cause us to possibly have an emergency appropriations at the end of the year.

Council Member Connolly stated that is very noble of you Mr. Mayor. She stated that if the Council is getting desperate to lower this amount of money perhaps the salary aspects should be considered which is making up a substantial amount of the budget. She stated that if everyone from the Council and every employee give up 1 day's salary then the Borough would be well under budget. She stated that would be a very good message to send to the taxpayers that one of the largest parts of the budget should be cut.

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Council Member Lucas wanted to know if the cuts that are being discussed now will come out to 2.3% which is about \$40.00 for an average house assessed at \$501,800. He wanted to know what it would be quarterly.

Mr. Shechter stated that it would be \$10 a quarter.

Council Member Connolly stated that it could be even lower if some of the salary was reduced. She stated that a days pay would bring it much lower.

Council Member Grasso wanted to confirm that it is \$9,150 that needs to be cut. He stated that last year Pat, Joe and his salaries were donated.

Council Member Connolly stated that asking the employees to give up 1 day which would amount to \$15,000 to benefit our taxpayers would be the right way to go.

Council Member Lee stated that he thinks that the Borough keeps tightening up the services and scaled down; every department has been cut in the Borough over the years. He stated that unfortunately there are some retirements that are pending that the Council is just not absolutely sure yet. He stated to ask to further reduce the departments would be an administrative nightmare for \$9,000 or \$10,000. He stated that he definitely wants to get below the 2%. He stated that this might be the time to go to the Library and ask them for a reduction to maybe use some of their surplus to make up the Borough's short fall to stay under the 2%, since the Borough gives the Library about \$140,000 a year.

Council Member Connolly advised that the Library was the first organization to step up and say that they would freeze their budget and will not ask for any increases and the employees did not.

Mayor Dempsey asked Mr. Delorio if the Library submitted their balance sheet that was previously requested.

Mr. Delorio advised the council that he did not receive the balance sheets.

Council Member Connolly stated that the Library advised that they are not requesting any additional funding. She stated "what did our employees do with the collective bargaining process." She stated they were lucky to get 2% and the pension costs at least 21%.

Mayor Dempsey reminded Council Member Connolly that this is not the place to discuss contracts.

Council Member Connolly stated that she is not discussing the contract but is just discussing common increases.

Mr. Delorio cautioned the Council Members that the White Collar Contract has not been signed yet.

Council Member Connolly stated that we are discussing substantial increases and the salaries are representing 45% of the budget not including pension. She stated that to go back to the employees and get back one day to reduce the taxes is not outrageous.

Mayor Dempsey stated "that was negotiated a day from the employees."

Council Member Connolly stated "no, they did not they gave back a personal day."

Mr. Delorio advised Council that the only signed agreement on record is the Public Works Contract.

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Council Member Lucas stated that the Police budget is one of the largest budgets and they come in at 1.6% under last year's. He stated that there was a dramatic cut in that department.

Mr. Delorio stated that there have been reductions in the salary and wage line items in the clerk's office and finance office. He advised that this reduction is shown on the spread sheet. He stated that through negotiations he has been successful in reducing some of the positions because of retirements.

There was a discussion on the revenues and that they need to be looked at to see where they could be increased.

Council Member Connolly stated that the expenses also need to be looked at.

Mayor Dempsey stated that when you have an \$8 million budget last year and only \$23,000 was cancelled that is a good lean budget and he believes that the Borough has a very lean budget this year. He stated that any further cuts could lead to an emergency appropriation and would cause the 2012 budget to be hindered.

Council Member Connolly stated that each expense needs to be looked at and she doesn't think that is being done. She stated that the Council is looking at the Library which would affecting the intellectual ability in this town but the Council is not looking at the rising costs in pension, health, and salaries.

There was a discussion on the pension and how much is being paid to the State.

There was a discussion on the reduction of the employees over the years and the re-organization of certain departments.

Mr. Delorio stated that the Mayor and Council Other Expenses were budgeted at \$6,400. He advised that last year only \$2,600 was spent. He stated that he could cut \$4,000 out of that line but when it comes down to going to the League Conference they would need to be cautious not to go over that amount. He stated that it is budgeted for all council to attend the conference but not all council members attend.

Council Member Lee advised that he would be comfortable in cutting this line by \$4,000.

Council Member Connolly and Council Member Grasso agreed with Council Member Lee.

Mr. Delorio advised that the Council needs to let him know ahead of time who is going to the conference and to make sure that the council attends the JIF class which would give the Borough a discount for attending.

There was a discussion on the JIF meetings that the Council could attend.

Mr. Delorio stated that with regard to Emergency Management when the amount was appropriated it was based on what was spent last and that it could be reduced down \$1,000 to what was budgeted last year.

Mr. Delorio stated the SCAT Program that the Borough has had with the County has been canceled. He advised that there will be a voucher system put in place and he believes that this line could be cut by \$975 leaving a small amount in there for vouchers that are submitted.

Council Member Connolly suggested that \$250 or \$200 be left in this line just to be safe.

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Council Member Donovan suggested either doing away with the program or leaving the \$1,000, because if it is under funded and the amount exceeds the budget then the money will have to come from some other line to make up the difference.

Mr. Delorio stated that there has been some suggestion about furloughs and he advised that Police Officers can not be furloughed. He advised that it is not recommended that the Borough have any furloughs.

Mayor Dempsey and Council Member Donovan stated that they are against furloughs also.

There was discussion with regards to furloughs.

Council Member Lucas wanted to get Mr. Shechter's opinion on the budget.

Mr. Shechter advised that the Borough is considerably under the Levy Cap and the Council is just trying to hit the rate for the taxpayers. He stated that with regard to the Levy the Borough is in really good shape.

Mr. Delorio advised that the White Collar contract has not been settled. He stated that if that is thrown out there they can go back to the drawing board and it would have to be negotiated again, because the contract has not been signed.

Mr. Delorio suggested that \$1,000 be cut from Celebration of Public Events. He advised that this is not for Borough flags which item is in the Clerk's budget.

Mr. Delorio advised that there was prior discussion about the public defender and that he did allow for a \$3,000 allotment under other expenses.

Council Member Lee asked if the painting and bathroom for the beach garage were in the budget.

Mr. Delorio stated that the paint is in there and the bathroom would have to be included in the Capital Budget.

Council Member Lee wanted to know how far off the calculation is to the 2%.

Mr. Delorio stated that it is \$2,000 away.

Council Member Lee wanted to know if the difference could be split between the Municipal Clerk for postage of \$1,000 and the Shade Tree come down \$500. He stated that he is not against taking some money from the library either. He advised that he is open for ideas.

Mayor Dempsey suggested taking the additional \$500 needed to get to the 2% from the Library.

Council Member Connolly stated "leave the library alone."

Mayor Dempsey stated "no".

Council Member Connolly stated "that the library provides a very valuable service."

Council Member Lee stated that "no one is questioning that." He stated that this has to do with the budget and everyone is sacrificing and doing their part and that it is not that he doesn't value the library.

Mayor Dempsey wanted to verify the amount that is given to the Library is \$134,000.

Council Member McCarthy asked where the \$134,000 goes.

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Mr. Delorio stated that it goes to the Library.

Council Member McCarthy wanted to know where the \$134,000 is allocated for.

Mr. Delorio stated that the Library provides a spread sheet on how the \$134,000 is spent. However, it is not all inclusive of all their operations.

Council Member McCarthy asked of that \$134,000 how much of their budget does that entail.

Council Member Donovan stated that is 90% of their operating budget. He advised that the Library receives \$134,537 from Manasquan, \$1,308 from the County, and \$500 from the State that equals \$136,345 which is 93.29% of their operating budget.

Council Member Connolly advised that the \$134,000 that the Library receives from Manasquan was voted upon by referendum by the taxpayers.

Council Member Donovan stated that it was non-binding referendum 7 years ago.

Council Member Connolly stated that the taxpayers agreed that they would support their library and they voted on that separately. She stated that she would rather look at some of the expenses, maybe in the maintenance of Borough Hall.

Mayor Dempsey advised that the Library has been asked for a balance sheet showing their complete assets and complete expenses and they have not given that to the Borough.

There was a discussion on the non binding referendum 7 years ago for the Library.

Council Member McCarthy stated that we have asked everyone to make cuts and he thinks that every budget that has come in front of the Council has been cut. He doesn't think a \$1,000 from a \$134,000 is too much to ask because it is less than 1% of the budget.

Council Member Connolly stated that she does not believe that every budget was asked to be cut. She stated that there are certain municipal expenses in Borough Hall that have not been cut.

Council Member McCarthy stated that just about every Department has been cut.

Council Member Connolly stated that the water supply is \$3,500 in giving bottled water. She stated that there are 2 fountains one on the second floor and the first floor that the employees could use. She stated that if you want to save \$3,500 cut out the water.

Mayor Dempsey stated that the Council cut \$1,735 out of recreation. He stated that he thinks a healthy body is just as important as a healthy mind so cutting \$500 out of the library is not a big deal.

Council Member Connolly stated that it is a big deal.

There was discussion on the library and the documents that should have been submitted to the Borough.

Council Member Connolly stated that she would take that responsibility to speaking to the members of the library.

Mayor Dempsey stated that the Budget cuts should be completed today so that the budget can be presented at the next meeting.

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Council Member Connolly stated that no money has been taken out of surplus.

Council Member Lee stated that there has been \$160,000 taken from surplus.

Mr. Delorio stated that if the goal is 2% then \$2,000 more needs to be cut. He stated that the budget needs to be completed today in order to introduce on March 21, 2011.

Council Member Lee stated that he was looking to increase the budget cuts by cutting the Municipal Clerk's postage and Shade Tree or the \$2,000 from the Library.

Mr. Delorio stated that it is imperative that he gets the cuts done today.

Council Member Lee suggested taking \$1,000 from the Library, \$500 from the Clerk's postage, and \$500 from Shade Tree.

Mr. Delorio stated that now there is a third compromise for \$1,000, \$500 and \$500 and asked the Council to poll on that.

Council Member Connolly stated no and Council Member Lee stated yes.

Mr. Shechter advised that if the \$2,000 is taken out he could get it down to a fraction above the 2% raise. He advised it would be a 7/10 of a penny or \$8.75 a quarter.

Council Members Lee, Donovan, Lucas, McCarty and Grasso were in favor of taking \$1,000 from the Library, \$500 from the Clerk's postage, and \$500 from the Shade Tree.

Council Member Connolly was not in favor of this cut.

AUDIENCE PARTICIPATION

Council Member McCarthy made a motion to open the meeting up to the public, seconded by Council Member Donovan. Motion carried unanimously.

There being no audience participation.

Council Member McCarthy made a motion to close the audience participation, seconded by Council Member Lucas. Motion carried unanimously.

Council Member Donovan made a motion to adjourn the budget meeting at 11 a.m., seconded by Council Member Lucas. Motion carried unanimously.

Respectfully submitted,



Barbara Ilaria
Municipal Clerk

DATE APPROVED 6-20-11